Burgos, Alexander N

Subject: FW: November 2026 RRC Meeting- Request for Changes
Attachments: 11 NCAC 14 .0507 Revised.docx; 11 NCAC 14 .0508 Revised.docx

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From: Benjamin, Alisha <alisha.benjamin@ncdoi.gov>
Sent: Monday, November 16, 2026 10:35 AM
To: Rules, Oah <oah.rules@oah.nc.gov>
Cc: Burgos, Alexander N <alexander.burgos@oah.nc.gov>; Moore, Raheema I <raheema.moore@ncdoi.gov>; Barney, Meghan E <meghan.barney@oah.nc.gov>
Subject: RE: November 2026 RRC Meeting- Request for Changes

Good morning,

Please accept the attached revised rules on behalf of the Department of Insurance for 11 NCAC 14 .0507 and .0508.

These temporary rules have been revised following a request for changes by RRC Counsel Meghan Barney and are submitted for RRC consideration. We do plan to have Department staff present at the November meeting for these rules.

Thank you.

Alisha Benjamin
Assistant General Counsel

N.C. Department of Insurance
1201 Mail Service Center
Raleigh, NC 27699-1202
919.807.6654

Email correspondence to and from this address is subject to the North Carolina Public Records Law and may be disclosed to third parties.

11 NCAC 14 .0507 is adopted under temporary procedures with changes as follows:

CHAPTER 14 - ADMISSION REQUIREMENTS

SECTION .0500 - ADMISSION OF A FOREIGN OR ALIEN INSURANCE COMPANY

11 NCAC 14 .0507 FOREIGN COMPANY MUST HAVE CONDUCTED SUCCESSFUL BUSINESS

(a) In order to be eligible to do business in North Carolina pursuant to G.S. 58-16-5(2)(a), a foreign insurance ~~companies~~ company shall have profitable operations ~~writing the same or similar lines of business as being requested~~ in the same lines of business it proposes to transact in North Carolina for three consecutive years immediately preceding the date of application for admission and ~~must~~ shall continue to reflect profitable operations throughout the admission process.

(b) For purposes of this section, the term "profitable operations" ~~as reflected in the statement of financial condition filed with the Commissioner pursuant to G.S. 58-16-5(1) generally corresponds to "net underwriting gain" as reported on the National Association of Insurance Commissioners (NAIC) Health and Property/Casualty Annual Statement Blank, "net operating gain" as reported on the NAIC Title Annual Statement Blank, and "net gain from operations before dividends to policyholders, refunds to members and federal income taxes" as reported on the NAIC Life Annual Statement Blank.~~ means a positive amount in the following line items as reflected in the statement of financial condition filed with the Commissioner pursuant to G.S. 58-16-5(1):

(1) "net underwriting gain" as reported on the National Association of Insurance Commissioners (NAIC) Health and Property/Casualty Annual Statement Blank;

(2) "net operating gain" as reported on the NAIC Title Annual Statement Blank; and

(3) "net gain from operations before dividends to policyholders, refunds to members and federal income taxes" as reported on the NAIC Life Annual Statement Blank.

History Note: *Authority S.L. 2026-48, s.66.(c); G.S. 58-2-40;~~58-16-5(2);~~ 58-2-165; 58-16-5;*
Temporary Adoption Eff. December 1, 2026.

11 NCAC 14 .0508 is adopted under temporary procedures with changes as follows:

11 NCAC 14 .0508 WAIVERS OF THREE YEAR PROFITABLE OPERATIONS REQUIREMENT

(a) If a foreign insurance company meets all other ~~requirements for~~ admission requirements under G.S. 58-16-5, the Commissioner may waive the ~~requirement for~~ three ~~consecutive years of~~ year profitable operations requirement under Rule .0507 after considering mitigating factors, including, but not limited to, the following:

(1) ~~The~~ the foreign insurance company's surplus strength in relation to the business plan and financial forecast as provided with the application for admission;

(2) ~~The~~ the financial strength of a parent or affiliate insurer licensed in North Carolina, including the parent or affiliate insurer's North Carolina license duration, profitable operations, volume of consumer complaints, and market conduct examination findings;

(3) ~~The~~ the financial strength of the insurance holding company system, as defined in G.S. 58-19-5; and

(4) ~~A~~ a demonstrated market need for the lines of business to be offered in North Carolina.

(b) A foreign insurance company seeking a waiver as described in Paragraph (a) of this Rule shall provide additional information as part of its application for admission, including:

(1) ~~An~~ an audited financial statement for the most recent fiscal year end for the ultimate controlling person, as defined in G.S. 58-19-5, and any other affiliated entities that will have an obligation to ensure continued financial support of the foreign insurance company;

(2) ~~A~~ a copy of any guaranty agreements or capital maintenance agreements that exist between the foreign insurance company and the ultimate controlling person ~~and/or~~ or other affiliated entities;

(3) ~~A~~ a narrative detailing the North Carolina market need for the lines of business to be written by the foreign insurance company, including any documentation to support the assertions made in the narrative; and

(4) ~~Any~~ any other information necessary to demonstrate a favorable financial condition for the Commissioner to approve a waiver.

History Note: *Authority S.L. 2026-48, s.66.(c); G.S. 58-2-40; 58-16-5;*
Temporary Adoption Eff. December 1, 2026.

Burgos, Alexander N

From: Barney, Meghan E
Sent: Monday, November 9, 2026 9:56 AM
To: Benjamin, Alisha
Cc: Burgos, Alexander N
Subject: November 2026 RRC Meeting- Request for Changes
Attachments: 11-2026-Department of Insurance Temp Rules Request for Technical Changes.docx

Follow Up Flag: Follow up
Flag Status: Flagged

Good morning,

I'm the attorney who reviewed the temporary rules submitted by the Department of Insurance for the November 2026 RRC meeting. The RRC will formally review these rules at its meeting on Tuesday, November 24, 2026, at 10:00 a.m. The meeting will be a hybrid of in-person and WebEx attendance, and an evite should be sent to you as we get close to the meeting. If there are any other representatives from your agency who want to attend virtually, please let me know prior to the meeting, and we will get evites out to them as well.

Attached is the Request for Changes Pursuant to G.S. 150B-21.10. Please submit the revised rules to me via email, no later than 5 p.m. on November 13, 2026. Let me know if you have any questions.

Thanks, Meghan

Meghan Barney
Rules Review Commission Counsel
Office of Administrative Hearings
Telephone: 984-236-1925
Email: meghan.barney@oah.nc.gov

Email correspondence to and from this address may be subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized state official.

Burgos, Alexander N

Subject: FW: November 2026 RRC Meeting- Request for Changes

From: Barney, Meghan E <meghan.barney@oah.nc.gov>
Sent: Friday, November 13, 2026 4:39 PM
To: Benjamin, Alisha <alisha.benjamin@ncdoi.gov>
Cc: Burgos, Alexander N <alexander.burgos@oah.nc.gov>; Moore, Raheema I <raheema.moore@ncdoi.gov>
Subject: Re: November 2026 RRC Meeting- Request for Changes

Alisha,
Thank you so much for your thorough response to my questions as well as your revisions. I am comfortable with these temporary rules as revised. Please send the final revised rules to oah.rules@oah.nc.gov and cc Mr. Burgos and I (or just reply all). These rules are final for review and can be placed on November's agenda. Please let us know if anyone from your agency will be present for the meeting, in-person or on WebEx.

Meghan Barney
Rules Review Commission Counsel
Office of Administrative Hearings
Telephone: 984-236-1925
Email: meghan.barney@oah.nc.gov

From: Benjamin, Alisha <alisha.benjamin@ncdoi.gov>
Sent: Friday, November 13, 2026 2:01 PM
To: Barney, Meghan E <meghan.barney@oah.nc.gov>
Cc: Burgos, Alexander N <alexander.burgos@oah.nc.gov>; Moore, Raheema I <raheema.moore@ncdoi.gov>
Subject: RE: November 2026 RRC Meeting- Request for Changes

Hey Meghan,

Attached are the agency responses to the questions you posed in the Request for Changes. Additionally, both rules have been revised to address all the suggestions you raised. Please accept these rule revisions on behalf of the Department of Insurance.

If more questions arise, please let me know so more clarity can be provided from the Department.

Thanks for your time!

-Alisha

Alisha Benjamin
Assistant General Counsel

N.C. Department of Insurance
1201 Mail Service Center
Raleigh, NC 27699-1202
919.807.6654

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SECTION .0500 - ADMISSION OF A FOREIGN OR ALIEN INSURANCE COMPANY

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(b) For purposes of this section, the term "profitable operations" ~~as reflected in the statement of financial condition filed with the Commissioner pursuant to G.S. 58-16-5(1) generally corresponds to "net underwriting gain" as reported on the National Association of Insurance Commissioners (NAIC) Health and Property/Casualty Annual Statement Blank, "net operating gain" as reported on the NAIC Title Annual Statement Blank, and "net gain from operations before dividends to policyholders, refunds to members and federal income taxes" as reported on the NAIC Life Annual Statement Blank.~~ means a positive amount in the following line items as reflected in the statement of financial condition filed with the Commissioner pursuant to G.S. 58-16-5(1):

(1) "net underwriting gain" as reported on the National Association of Insurance Commissioners (NAIC) Health and Property/Casualty Annual Statement Blank;

(2) "net operating gain" as reported on the NAIC Title Annual Statement Blank; and

(3) "net gain from operations before dividends to policyholders, refunds to members and federal income taxes" as reported on the NAIC Life Annual Statement Blank.

History Note: *Authority S.L. 2026-48, s.66.(c); G.S. 58-2-40;~~58-16-5(2);~~ 58-2-165; 58-16-5;*
Temporary Adoption Eff. December 1, 2026.

11 NCAC 14 .0508 is adopted under temporary procedures with changes as follows:

11 NCAC 14 .0508 WAIVERS OF THREE YEAR PROFITABLE OPERATIONS REQUIREMENT

(a) If a foreign insurance company meets all other ~~requirements for~~ admission requirements under G.S. 58-16-5, the Commissioner may waive the ~~requirement for~~ three ~~consecutive years of~~ year profitable operations requirement under Rule .0507 after considering mitigating factors, including, but not limited to, the following:

(1) ~~The~~ the foreign insurance company's surplus strength in relation to the business plan and financial forecast as provided with the application for admission;

(2) ~~The~~ the financial strength of a parent or affiliate insurer licensed in North Carolina, including the parent or affiliate insurer's North Carolina license duration, profitable operations, volume of consumer complaints, and market conduct examination findings;

(3) ~~The~~ the financial strength of the insurance holding company system, as defined in G.S. 58-19-5; and

(4) ~~A~~ a demonstrated market need for the lines of business to be offered in North Carolina.

(b) A foreign insurance company seeking a waiver as described in Paragraph (a) of this Rule shall provide additional information as part of its application for admission, including:

(1) ~~An~~ an audited financial statement for the most recent fiscal year end for the ultimate controlling person, as defined in G.S. 58-19-5, and any other affiliated entities that will have an obligation to ensure continued financial support of the foreign insurance company;

(2) ~~A~~ a copy of any guaranty agreements or capital maintenance agreements that exist between the foreign insurance company and the ultimate controlling person ~~and/or~~ or other affiliated entities;

(3) ~~A~~ a narrative detailing the North Carolina market need for the lines of business to be written by the foreign insurance company, including any documentation to support the assertions made in the narrative; and

(4) ~~Any~~ any other information necessary to demonstrate a favorable financial condition for the Commissioner to approve a waiver.

History Note: *Authority S.L. 2026-48, s.66.(c); G.S. 58-2-40; 58-16-5;*
Temporary Adoption Eff. December 1, 2026.

Request for Changes for Temporary Rules Pursuant to N.C. Gen. Stat. § 150B-21.10

Staff reviewed these Rules to ensure that each Rule is within the agency's statutory authority, reasonably necessary, clear and unambiguous, and adopted in accordance with Part 2 of the North Carolina Administrative Procedure Act. Following review, staff has issued this document that may request changes pursuant to G.S. 150B-21.10 from your agency or ask clarifying questions.

Questions contained herein suggest that the rule as written is unclear or there is some ambiguity. If this document includes questions and you do not understand the question, please contact the reviewing attorney to discuss. Failure to respond may result in a staff opinion recommending objection.

Staff may suggest the agency "consider" an idea or language in this document. This is in no way a formal request that the agency adopt the idea or language but rather is offered merely for the agency's consideration which the agency may find preferable and clarifying.

To properly submit rewritten rules, please refer to the following Rules in the NC Administrative Code:

- Rule 26 NCAC 02C .0108 – The Rule addresses general formatting.
- Rule 26 NCAC 02C .0404 – The Rule addresses changing the introductory statement.
- Rule 26 NCAC 02C .0405 – The Rule addresses properly formatting changes made after publication in the NC Register.

Note the following general instructions:

1. You must submit the revised rule via email to oah.rules@oah.nc.gov. The electronic copy must be saved as the official rule name (XX NCAC XXXX).
2. For rules longer than one page, insert a page number.
3. Use line numbers; if the rule spans more than one page, have the line numbers reset at one for each page.
4. Do not use track changes. Make all changes using manual strikethroughs, underlines and highlighting.
5. You cannot change just one part of a word. For example:
    - Wrong: "~~a~~Association"
    - Right: "~~association~~ Association"
6. Treat punctuation as part of a word. For example:
    - Wrong: "day~~,~~; and"
    - Right: "~~day,~~ day; and"
7. Formatting instructions and examples may be found at: www.ncoah.com/rules/examples.html

If you have any questions regarding proper formatting of edits after reviewing the rules and examples, please contact the reviewing attorney.

Meghan Barney
RRC Counsel
Submitted November 9, 2026

REQUEST FOR CHANGES PURSUANT TO G.S. 150B-21.10

AGENCY: N.C. Department of Insurance

RULE CITATION: 11 NCAC 10 .0507

DEADLINE FOR RECEIPT: Friday November 13, 2026 by 5:00p.m.

***PLEASE NOTE:* This request may extend to several pages. Please be sure you have reached the end of the document.**

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may email the reviewing attorney to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following changes be made:

(a) *Line 9, what does "similar" mean in this context? The SL 2026-48 says the company must "do the business it proposes to transact" it does not say "similar."*
"Similar" has been removed.

(a) *Line 9, "writing . . . lines of business as being requested" this language seems unnecessarily complex. Consider "shall have profitable operations in the same business it proposes to transact"*
The Department has incorporated most of the suggested change, however it is preferred to use the phrase "same lines of business" to provide greater clarity within the rule. As part of the application for admission, an insurer is required to identify each line of insurance business it seeks authority to transact. Authorization is then assigned based on those specific lines of business the insurer is approved for. While the statute uses the broader phrase "same business", narrowing the rule to "same lines of business" eliminates any potential ambiguity as to whether a history of profitability in one line of business would also satisfy the profitability requirement for other lines of business the insurer proposes to transact in North Carolina.

(a) *Line 10 change must to shall*
Must was replaced with shall.

(b) *Line 13 "generally corresponds to" is very vague. Is there a more definitive manner that this can be measured? What do these net gains need to be?*
The revised rule removes "generally corresponds to" as suggested and ties profitable operations directly to specific, named line items on the statement of financial condition required to be filed with the Commissioner under 58-16-5(1). 58-16-5(1) states that the statements of financial condition must be "in the form and detail that the Commissioner requires." 58-2-165(c) outlines the form and detail that the Commissioner requires, for insurers to report financial condition statements through annual statement blanks that are provided to insurers by the

National Association of Insurance Commissioners (NAIC). Foreign insurers seeking admission in North Carolina are familiar with the form and detail for statements of financial condition as outlined in 58-2-165, because this is a standardized practice for insurers as they are already required to comply with the same form in their state of domicile. The history note has also been updated to reference 58-2-165 as the statutory authority for which the prescribed forms derive.

Overall, net gains should reflect a positive amount. Because insurers vary by size and lines of business, there is no set dollar amount or minimum threshold that can be assigned and applied. Instead, requiring a positive net gain provides an objective and identifiable measure while allowing the determination to account for differences among insurers. As such, any positive amount reflected on the applicable net gains line item would indicate profitable operations result for that line of business transacted.

While general accounting terms and practices are commonly used among the industry, this part of rule has been revised and formatted to simplify for the reader exactly which figure to look for on which form and to understand that the definitive measure of profitable operations under the rule is that said figure should be a positive amount.

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

Meghan Barney
RRC Counsel
Submitted November 9, 2026

REQUEST FOR CHANGES PURSUANT TO G.S. 150B-21.10

AGENCY: N.C. Department of Insurance

RULE CITATION: 11 NCAC 10 .0508

DEADLINE FOR RECEIPT: Friday November 13, 2026 by 5:00p.m.

***PLEASE NOTE:* This request may extend to several pages. Please be sure you have reached the end of the document.**

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may email the reviewing attorney to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following changes be made:

(a) Line 4-5, this reads like the three-year requirement comes from G.S. 58-16-5, it doesn't. The three years come from your rule .0507, the statute only states that the business must be "successful in the conduct of this business," it doesn't set a timeline. Please edit.

The rule has been revised to more clearly distinguish between the three-year requirement imposed by rule .0507 from all other statutory admission requirements listed under 58-16-5, for an insurer to be eligible for a waiver of the rule requirement.

(a) and (b) Lines 7, 9, 12, 13, 16, 19, 21, 24 these list items should begin with lower case letters.

These changes were made.

(b)(2) Line 20, our guidelines state to never use "and/or" instead "or" alone is sufficient.

"And/or" has been replaced with "or".

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

Meghan Barney
RRC Counsel
Submitted November 9, 2026